



Funding Utah's Water



Executive Water Finance Board | August 21, 2018
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Prepare60 is the center established by Utah's four largest water conservancy districts to protect what we have, use it wisely, and provide for the future.

The four districts represent more than 85 percent of Utah's population.



Prepare60 Focus



Repair and replace aging infrastructure



Reduce water use; integrate new technology



Develop infrastructure to meet demand



Roles in Water Systems

- **Federal:** Primarily played a financing role in the past, but funding is dwindling
- **State:** Primarily played a planning and regulatory role, must now help fill financing gap
- **Local:** Primary interface of water system for end users, to repay financing



- Discussion today is “paying for water.”
- What is “...water?”
- It is really “water service and benefits.”

Today we will discuss wholesale water service and benefits.



Water Service and Benefits Include...

- Potable and secondary water delivered to communities and other retailers, and usually measured (metered) and charged volumetrically
- Not measured
 - Fire protection
 - Recreation
 - Flood control
 - Groundwater protection
 - Endangered species protection
 - Land value enhancement from access to water for development



Local Water Providers

Water Conservancy Districts Revenue Sources



**USER CHARGES
(WATER RATES)**



**PROPERTY
TAXES**



**IMPACT
FEES**



Wholesale Water Rates

- Fund ongoing operation, maintenance & replacement costs of the treatment & delivery of water
- Fund debt service for bonds
- Tied to current measured use (varies seasonally)
- By law, conservancy districts may only “charge sufficient rates for the water and water services supplied”



Impact Fees

- One-time payments to fund new facilities & water sources for growth
- Typically paid when building permit issued
- Allow new growth to share costs of new infrastructure



Property Taxes

- Determined by state law
- Some are tied to federal contracts through public election
- Provide stable revenue source to support financing for new water supply and infrastructure
- Provide funding for execution of District obligations on federal contracts



Use of Property Tax

In addition to infrastructure obligations, property tax provides non-measured services that benefit all Utahns



Altering any of the three revenue sources will cause substantial and troublesome shifts among user classes.

Punitive water rates are not a sustainable source to fund future water projects.



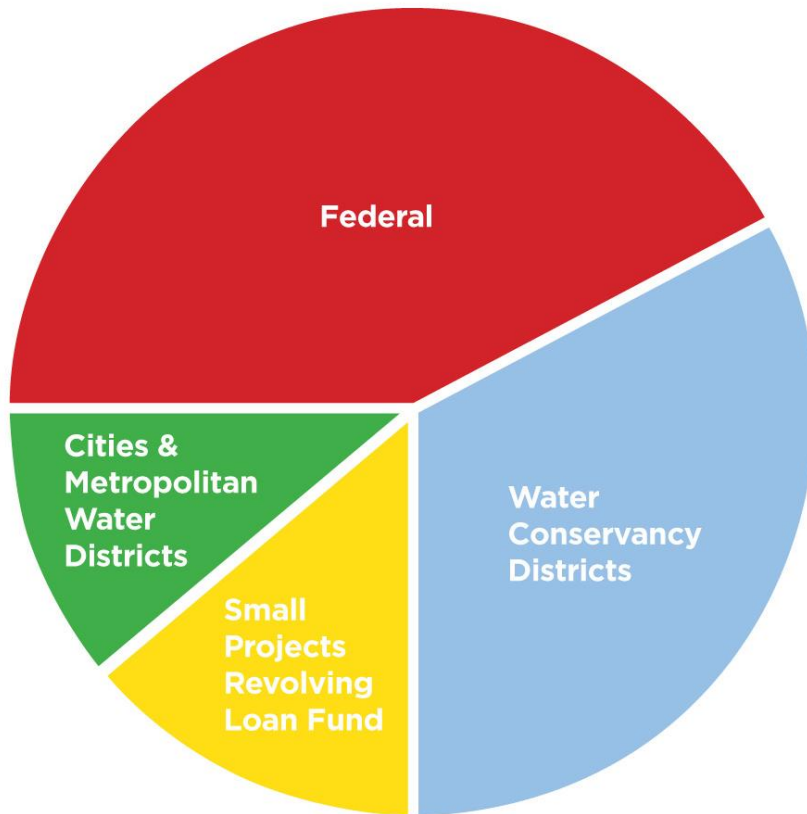
Financing Utah Water Infrastructure



**PREPARE
60**

**SECURING UTAH'S
ECONOMIC FUTURE**

**1903-2015
Financing Model**



**2016-2060 Proposed
Financing Model**

